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Report of the Task Force on Statistics of International Trade in Services

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-third session,** the Secretary-General has the honour to transmit the report of the Task Force on Statistics of International Trade in Services (Convener: Organisation for Economic Cooperation and Development). The Commission may wish to review the programme of work of the Task Force.

* E/CN.3/2003/1.

** See *Official Records of the Economic and Social Council, 2002, Supplement No. 4* (E/2002/24), para. 1.

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Report of the Task Force on Statistics of International Trade in Services

Introduction

1. The Task Force on Statistics of International Trade in Services has developed the *Manual on Statistics of International Trade in Services*. The United Nations Statistics Division has undertaken the task of publication of the *Manual*. The work of the Task Force will now focus on (a) developing compilation guidance, (b) promoting and facilitating the implementation of the *Manual* and (c) developing an appropriate framework for the compilation of data related to the trade-related movement of natural persons to take up short-term employment outside their country.

Publication of the *Manual*

2. The *Manual* is being jointly published by six agencies.[1] It was edited by the Division and published in English on 2 December 2002 in electronic (pdf) format, free, at http://unstats.un.org/unsd/tradeserv/manual.asp, together with translations into the other United Nations official languages of a 1999 near-final draft of the *Manual*. Other publishing agencies are posting the *Manual* on their web sites and/or linking to the Division site. The hard-copy English document is expected to be available soon for purchase from the United Nations, and full translations are under preparation although no timetable for their completion is yet available.

Meeting of the Task Force in 2002

3. The Task Force met in Dresden, Germany, on 25 and 26 June 2002. The agenda covered:

(a) Implementation of the *Manual*'s recommendations:

(i) Compilation guidance;

(ii) Web pages;

(iii) An annual report on progress;

(iv) Agency progress and plans;

(v) Technical assistance;

(b) Development work and priorities:

(i) E-commerce;

(ii) Measuring trade in software;

(iii) Revision of the *Balance of Payments Manual*;

(iv) Geo-nomenclature;

(v) Sectoral work on health, education, insurance, financial and telecommunications services.

Agreed future work

Compilation guidance

4. The Statistical Commission requested that the Task Force focus on the provision of compilation guidance. The Statistical Office of the European Communities (Eurostat) is now working to develop an outline of such a guide, to be discussed at the next Task Force meeting, to be held in April 2003. For resident-non-resident trade in services, material will be drawn from, among other sources, the International Monetary Fund (IMF) *Balance of Payments Compilation Guide*. In addition, the World Tourism Organization is working to develop a model border survey that might be used to collect data suitable both for tourism statistics and for the *travel* component of the balance of payments. The United Nations Conference on Trade and Development (UNCTAD) is developing guidance material on the compilation of foreign direct investment (FDI) and foreign affiliates trade in services statistics, a draft of which was used to train FDI statisticians of member countries of the Economic and Social Commission for Western Asia.

Other measures to promote and monitor implementation of the Manual

5. The Task Force has identified a need for technical assistance on development of statistics on international trade in services and to develop agencies' potential to provide such assistance to countries. A small first step currently being undertaken with the World Bank is the coordinated development by the Task Force of a module of training materials, which is planned for completion in spring 2003. The Task Force will also consider how to monitor progress on implementation of the *Manual*.

Temporary movement of natural persons supplying services

6. This subject area, which is one of the modes of supply of services trade covered by the General Agreement on Trade in Services, is not developed to the same level and depth of detail as some other aspects of trade in services in the *Manual*. The Task Force is investigating alternative ways to advance this work. UNCTAD, with the contribution of relevant international organizations, is engaging in pilot studies at the regional and national levels to identify issues that may need to be addressed in developing a statistical framework. Discussions are being planned with the United Nations Statistics Division on the feasibility of future adaptation of migration statistics and with IMF on reviewing the definition of residence of temporary foreign workers in the *Balance of Payments Manual* context.

Further developments

7. E-commerce and trade in software are two areas where the Task Force has identified a need for further investigation of the most appropriate statistical treatment. Countries currently classify trade in software to *goods*, *computer services*, or *royalties and license fees*. In addition, there are transactions related to the use of produced originals, in particular, to reproduce software for further sale.

Coordination issues

8. Now that the *Manual* has been published, we are entering an important period of promoting its implementation and international agencies may need to review whether they are currently allocating sufficient resources to work on statistics of

trade in services — compilation guidance, technical assistance and coordinated data collection — given the strong trade-policy related need for clearer, more detailed and more comprehensive information on such trade.

9. Regarding the proposed revision of the fifth edition of the IMF *Balance of Payments Manual* (BPM5), any proposals to make changes to the classification or definition of the services components of the BPM5 classification will need to be discussed with the Task Force since such changes will affect the classification of services that is recommended in the *Manual on Statistics of International Trade in Services*. In addition, a revision to the Central Product Classification is planned for 2007, which will need to be coordinated with any changes to the BPM5 classification of services to ensure that clearer linkages are provided between the two classifications.

Notes

[1] The European Commission, the International Monetary Fund, the Organisation for Economic Cooperation and Development, the United Nations Conference on Trade and Development, the United Nations Statistics Division and the World Trade Organization.